

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15
ICA-11 CEA-01 STR-07 AID-05 COME-00 EB-08 FRB-03
TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 DOE-15
SOE-02 SES-02 SAA-01 /131 W
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R 141024Z AUG 78
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 9801
INFO AMEMBASSY ANKARA
AMEMBASSY ISLAMABAD
AMEMBASSY JIDDA
AMEMBASSY KABUL
AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 1 OF 2 TEHRAN 7702

EO 11652: GDS
TAGS: PGOV, IR
SUBJ: PRIME MINISTER AMOUZEGAR-THE FIRST YEAR

SUMMARY: PRIME MINISTER AMOUZEGAR HAD MIXED SUCCESS DURING HIS FIRST YEAR IN OFFICE. HIS GOVERNMENT HAS REDUCED IRAN'S INFLATION RATE, CUT THE COST OF HOUSING, RELAXED PRICE CONTROLS, RESHAPED IRAN'S IMAGE WITHIN OPEC, OPENED ACTIVE POLITICAL DEBATE AND ACQUIESCED IN THE SHAH'S POLITICAL LIBERALIZATION PROGRAM. THE MEASURES TAKEN TO CURB INFLATION, HOWEVER, HAVE REDUCED INVESTMENT ACTIVITY AND WITH OTHER NAGATIVE ECONOMIC FACTORS RESULTED IN ECONOMIC RETRENCHMENT. THIS, COUPLED WITH UNCERTAINTIES REGARDING THE POLITICAL SYSTEM AND THE RISE OF VIOLENCE WHICH HAS NOT BEEN SUFFICIENTLY CONTROLLED BY POLICE, HAVE LEFT IRAN'S POLITICAL AND ECONOMIC CLIMATE IN A STATE OF UNCERTAINTY. AMOUZEGAR HIMSELF HAS SHOWN SKILL AND ACCOMPLISHMENT AS AN ADMINISTRATOR, BUT HE HAS NOT SHOWN POLITICAL BROKERAGE SKILLS WHICH
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WILL BE NECESSARY TO COPE WITH INCREASINGLY ACTIVE RELIGIOUS AND POLITICAL OPPOSITION ND TO ACTIVATE THE RESURGENCE PARTY (RPPI). END SUMMARY.

1. ON AUG. 6, PRIME MINISTER AMOUZAGAR COMPLETED HIS FIRST YEAR IN OFFICE. TEHRAN JOURNAL AUG. 6 NAND KAYHAN AUG. 8 CARRIED GOOD REVIEWS OF AMOUZEGAR'S FIRST YEAR AS

SEENBY LOCAL PRESS. WHILE THESE PAPERS, BOTH IN ENGLISH AND FARSI EDITIONS, CRITICIZED SOME ASPECTS OF AMOUZEGAR'S HANDLING OF THE ECONOMY, RESURGENCE PARTY PAPER RASTAKHIZ PREDICTABLY HAD NOTHING BUT PRAISE FOR PRIME MINISTER.

2. AMOUZEGAR'S PERFORMANCE IN ECONOMIC ARENA RECEIVES SCANT PRAISE, PARTIALLY DUE TO THE INCONSPICUOUS NATURE OF MOST OF HIS FEW ACCOMPLISHMENTS. FOR EXAMPLE, EN NEITHER HIS CAUTIOUS DISMANTLING OF PRICE CONTROLS NOR ANY EXERCISE OF CONSTRAINT IN APPROVING NEW GOVERNMENT PROGRAMS ANDPROJECTS ARE HEADLINE MATERIAL. THE ABSENCE OF PERCEPTIBLE ECONOMIC DIRECTION, WHILE PERHAPS REFLEXING A DELIBERTATE LAW PROFILE ON THE PART OF THE GOI, IS STRONGLY CRITICIZED BY THE PRIVATE SECTOR. UNCERTAINTIES DERIVING FROM LONG-PROMISED, YET UNACCOMPLISHED, REFORMS IN SUCH AREAS AS TAX AND LABOR LAW AND CONFUSION OVER PRICE AND COMMODITIES' PROCUREMENT POLICIES SUPPORT THE MALAISE EVIDENCED IN LAST YEAR'S ABSOLUTE FALL IN PRIVATE SECTOR INVESTMENT. SYMPTOMATIC OF WHAT IRANIANS VIEW AS AMOUZEGAR'S INABILITY TO"GET HIS ECONOMIC ACT TOGETHER" IS THE YET UNVEILED SIXTH DEVELOPMENT PLAN, NOW ONE YEAR LATE. ALTHOUGH THERE IS ARGUMENT OVER SPECIFIC FIGURES, AMOUZEGAR GOVERNMENT HAS SUCCEEDED IN LOWERING INFLATION--PRIME MINISTER SAID INFLATION RATE (I.E. POINT TO POINT, NOW AVERAGE) NOW 7.9 PERCENT COMPARED TO 35 PERCENT A YEAR AGO DUE CHEIFLEY TO A CONFIDENTIAL

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COOLING OF LAND AND HOUSING PRICES. YET EVEN IN THIS IRANIANS EXPRESS SKEPTICISM OVER GOVERNEMENT COST OF LIVING FIGURES, SEEING LITTLE SLOWING IN PRICES AFFECTING THEIR OWN COSTS.

3. PRESS CLAIMS AMOUZEGAR HAS RESHAPED IRAN'S REPUTATION AS A HAWK WITHIN OPEC COUNCILS. (COMMENT: THISACCOMPLISHMENT CAN HARDLY BE CREDITED TO PRIME MINISTER, WHO IS PRINCIPAL SYMBOL OF IRAN'S TOUGH STANCE FOR HIGHER PRICES. DECISION NOT TO SEEK OIL PRICE INCREASE WAS SHAH'S. END COMMENT)

4. PRESS GIVEN PRIME MINISTER CREDIT FOR WHAT IT CALLS "MANAGMENT OF THE DEVELOPMENT OF DEMOCRACY". PRIME MINISTER HAS CONSISTENTLY CALLED FOR GREATER PARTICIPATION IN RESURGENCE PARTY ACTIVITIES BUT MOST IRANIANS KNOW THAT REAL IMPETUS FOR LIBERALIZATION HAS COME FROM ELSEWHERE. AMOUZEGAR'S GOVERNMENT IS ALSO BLAMED BY MANY FOR GOI'S FAILURE TO CONTROL THE RISE OF POLITICAL VIOLENCE

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C O N F I D E N T I A L SECTION 2 OF 2 TEHRAN 7702

IN CONNECTION WITH THE LIBERALIZATION PROCESS. IN THIS
CASE, HOWEVER, MOST IRANIANS SEE SHAH AND COURT AS
LEADERS ON MAJOR ISSUES OF POLITICAL CONTROL AND VIOLENCE.

5. AMOUZEGAR HIMSELF, HOWEVER, MUST INHERIT SOME OF
THE BLAME FOR IRAN'S UNCERTAIN POLITICAL CLIMATE. HE
HAS SHOWN SKILL AND ADMINISTRATIVE ACCOMPLISHMENTS IN
ATTACKING SOME PERSISTENT PROBLEMS OF THE PERSIAN
BUREAUCRACY. HIS APPOINTMENTS BY ANDLARGE HAVE BEEN
CAPABLE, AND MANY GIVE HIM POSITIVE CREDIT FOR RIDDING
THE CABINET OF HEALTH MINISTER SHEIKHOESLAMZADEH
REPORTEDLY GUILTY OF LARGE SCALE CORRUPTION.
THE BIGGEST CRITICISM OF THE PRIME MINISTER HAS BEEN HIS
UNWILLINGNESS TO DEAL WITH SOME OF THE POLITICAL ISSUES
RISING FROM THE LIBERALIZATION PROCESS. IT HAS BEEN
THE COURT, NOT THE GOVERNMENT, THAT HAS BEGUN A TENTATIVE
DIALOGUE OF SORTS WITH RELIGIOUS LEADERS. IF AMOUZEGAR
HAS MADE RECOMMENDATIONS TO THE SHAH FOR HANDLING POLI-
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TICAL UNREST AND UNIVERSITY DISTURBANCES, THESE ARE UN-
KNOWN TO THE POLITICAL ELITE AS WELL AS TO THE GENERAL
POPULACE. THE MOST PROMINENT CRITICISM OF AMOUZEGAR IS

THAT HE LACKS THE DEFT POLITICAL TOUCH TO DEAL WITH THOSE WHO DIFFER WITH HIM IN THE MANNER OF A POLITICAL BORKER RATHER THAN AN AUTHORITARIAN LEADER. AMOUZEGAR'S FIRST YEAR HAS COINCIDED WITH A TIME OF SUBSTANTIAL SOCIO-POLITICAL CHANGE IN IRAN AS WELL AS ECONOMIC RETRENCHMENT. GIVEN CONDITIONS HE INHERITED AND THE SHAH'S CLEAR DOMINANCE IN THE POLITICAL SYSTEM, THE EMBASSY BELIEVES HE HAS NOT DONE ALL THAT BADLY. HOWEVER, THE GENERAL PERCEPTION OF THE POLITICAL ELITE HERE, WHICH WE SHARE, IS THAT HE MUST BECOME A MORE EFFECTIVE POLITICIAN IF HE IS TO SURVIVE A SECOND YEAR SUCCESSFULLY. POLITICAL ATTENTION IS LIKELY TO FOCUS ON NEXT YEAR'S NATIONAL ELECTIONS. IN THIS CONNEDTION, THE RESURGENCE PARTY IS IN SOMEWHAT DISARRAY. AS SECRETARY GENERAL, AMOUZEGAR NOW HAS APPOINTEES LOYAL TO HIM IN KEY CENTRAL OFFICE POSITIONS AND ELSEWHERE, EXCEPT FOR THIRD WING LEADER NAHAVANDI AND ANSARY IN THE CONSTRUCTIVE WING. IF THE GOVERNMENT-SUPPORTING RPPI IS TO WAGE A SUCCESSFUL POLITICAL CAMPAIGN AGAINST VARIOUS OPPOSITION GROUPS, AMOUZEGAR AND HIS LIEUTENANTS WILL HAVE TO IMPROVE IT'S PERFORMANCE SUBSTANTIALY.

6. IT SEEMS INEVITABLE TO US THAT IF HE IS TO BE POLITICALLY EFFECTIVE HE MUST BE DRAWN IN TO WHATEVER DIALOGUE EMERGES WITH OPPOSITION RELIGIOUS AND POLITICAL GROUPS. THIS IS LIKELY TO TEST HIS SKILLS AS A NEGOTIATOR AS WELL AS AN ADMINISTRATOR AND DETERMINE WHETHER HE CAN SUCCESSFULLY FUNCTION AS A POLITICAL BROKER OR NOT. FROM THE GOVERNMENT'S POINT OF VIEW, THE SUCCESS OF THE SHAH'S LIBERALIZATION POLICIES MAY DEPEND UPON
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HIS ABILITY TO DO SO.
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Message Attributes

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